

## Message Text

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ACTION IO-14

INFO OCT-01 AF-10 EUR-12 NEA-10 ISO-00 ARA-10 EA-07  
CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00  
INRE-00 PA-01 PRS-01 FEA-01 ERDA-05 AID-05 CEA-01  
COME-00 EPG-02 EB-08 FPC-01 H-01 INR-07 INT-05  
L-03 NSC-05 OMB-01 PM-05 OES-07 SP-02 SS-15  
STR-04 TRSE-00 ACDA-07 /151 W  
-----073515 260058Z /73

O R 252242Z JUL 77

FM USMISSION USUN NEW YORK  
TO SECSTATE WASHDC IMMEDIATE 4619  
INFO AMEMBASSY ADDIS ABABA  
AMEMBASSY DAR ES SALAAM  
AMEMBASSY LONDON  
AMEMBASSY LUSAKA  
AMEMBASSY MOSCOW  
AMEMBASSY NEW DELHI  
AMEMBASSY PARIS  
AMEMBASSY PRETORIA  
AMCONSUL CAPETOWN

LIMITED OFFICIAL USE SECTION 1 OF 2 USUN 2365

CAPETOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: PFOR, UNSC, US, RH

SUBJECT: SECURITY COUNCIL: RHODESIAN SANCTIONS COMMITTEE  
(SRSC)

REF: USUN 2329

1. PER PARAGRAPH 10 REFTTEL, ON JULY 25, MR. BERNARD  
RIVERS, CO-AUTHOR OF THE UK HASLEMRE REPORT, "THE  
OIL CONSPIRACY", PRESENTED THE SRSC WITH A 34-PAGE  
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TESTIMONY ENTITLED "REGARDING THE SUPPLY OF OIL TO  
RHODESIA." RIVERS, REPRESENTING THE HASLEMERE GROUP,  
IS UNDERSTOOD TO BE CONSULTING WITH VARIOUS GROUPS IN  
NEW YORK AND WASHINGTON DURING HIS THREE-WEEK STAY IN  
THE US. TESTIMONY IS LARGELY A RESTATEMENT OF KNOWN  
INFORMATION ON THE FIVE OIL COMPANIES (SHELL, BRITISH  
PETROLEUM, MOBIL, CALTEX, AND TOTAL) CONCLUDING WITH A

SERIES OF SUGGESTED ACTIONS THAT GOVERNMENTS OR THE SECURITY COUNCIL MIGHT TAKE TO HALT THE FLOW OF OIL TO SOUTHER RHODESIA VIA SOUTH AFRICA. THERE FOLLOWS THE TEXT OF THOSE SUGGESTIONS PUT FORTH BY RIVERS."

"TWO BASIC APPROACHES COULD BE USED. FIRSTLY, PRESSURE COULD BE EXERTED TO PERSUADE THE SOUTH AFRICAN SUBSIDIARIES OF THE FIVE OIL COMPANIES TO TAKE MEASURES TO STOP OIL PRODUCTS THEY SUPPLY FROM REACHING RHODESIA. SECONDLY, STEPS COULD BE TAKEN (THROUGH THE SECURITY COUNCIL AND OTHERWISE) TO CUT OFF SHIPMENTS OF OIL TO SOUTH AFRICA IF GUARANTEES ARE NOT PROVIDED THAT IT WILL NOT SUBSEQUENTLY BE TRANSHIPPED TO RHODESIA. PERHAPS I COULD ELABORATE A LITTLE ON THESE TWO APPROACHES.

"IT IS CLEARLY NECESSARY TO PERSUADE THE SOUTH AFRICAN SUBSIDIARIES OF THE OIL COMPANIES TO REVERSE THEIR PRESENT POLICIES, AND TO TAKE EFFECTIVE MEASURES TO ENSURE THAT THE OIL PRODUCTS THEY MARKET DO NOT REACH RHODESIA. SUCH ACTION WOULD NO DOUBT REQUIRE PRESSURE ON THE SOUTH AFRICAN SUBSIDIARIES BY THE PARENT COMPANIES; THIS IN TURN WOULD PROBABLY INVOLVE PRESSURE BEING APPLIED ON THE FIVE OIL COMPANIES BY THEIR RESPECTIVE GOVERNMENTS.

"THIS PRESSURE ON THE PARENT COMPANIES--WHICH COULD PRIMARILY HAVE TO COME FROM THE GOVERNMENTS OF BRITAIN, THE UNITED STATES, FRANCE, AND THE NETHERLANDS--COULD TAKE TWO MAIN FORMS.

"FIRSTLY, THE GOVERNMENTS OF THESE FOUR COUNTRIES LIMITED OFFICIAL USE

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COULD USE NON-LEGISLATIVE MEANS TO PUT PRESSURE ON THE OIL COMPANIES. THIS COULD TAKE THE FORM OF A PUBLIC REQUEST, BACKED UP BY PRIVATE PRESSURE. IN THE CASE OF BP AND TOTAL, IN WHICH THE GOVERNMENTS OF BRITAIN AND FRANCE HAVE MAJORITY HOLDINGS, THE TWO GOVERNMENTS COULD ALSO INTERVENE DIRECTLY. UNDER THESE VARIOUS FORMS OF PRESSURE, THE PARENT OIL COMPANIES COULD BE PERSUADED TO INSIST THAT THEIR SOUTH AFRICAN SUBSIDIARIES TEST SOUTH AFRICAN LAW BY REQUIRING GUARANTEES FROM PURCHASERS OF BULK CONSIGNMENTS OF OIL PRODUCTS THAT THESE WERE NOT DESTINED FOR TRANSHIPMENT TO RHODESIA. THE PARENT COMPANIES COULD ADD MUSCLE TO THIS DEMAND OF THEIR SOUTH AFRICAN SUBSIDIARIES BY THREATENING: (I) TO REPLACE THEIR BOARDS OF DIRECTORS WITH MORE AMENABLE AND NON-SOUTH AFRICAN PERSONNEL; (II) TO CUT BACK ON THE SUPPLY OF INVESTMENT CAPITAL AND TECHNOLOGICAL ASSISTANCE; AND (III) IN THE LIMIT, TO CUT OFF DELIVERIES OF CRUDE OIL AND OIL PRODUCTS.

"THE SECOND MAIN FORM OF PRESSURE THAT THE FOUR RELEVANT GOVERNMENTS COULD EXERT ON THEIR RESPECTIVE OIL COMPANIES WOULD BE TO EXTEND SANCTIONS LEGISLATION IN SUCH A WAY AS TO RENDER THE PARENT OIL COMPANIES LEGALLY LIABLE FOR THE ACTIVITIES OF THEIR SOUTH AFRICAN SUBSIDIARIES WITH

REGARD TO TRADE WITH RHODESIA. SUCH LEGISLATION COULD COVER ALL COMMODITIES, OR JUST OIL AND OIL PRODUCTS. IT COULD BE WORDED TO APPLY TO ALL FOREIGN SUBSIDIARIES, OR MERELY TO SUBSIDIARIES REGISTERED IN SOUTH AFRICA. THE RELEVANT GOVERNMENTS COULD ALSO REQUEST THE PARENT COMPANIES TO OBSERVE THESE NEW MEASURES BEFORE THEY HAVE PASSED THROUGH THE LEGISLATURES CONCERNED.

"ANOTHER PROCEDURE OF INTEREST HAS BEEN SUGGESTED FOR EXERTING PRESSURE ON THE PARENT OIL COMPANIES. IN THIS CASE THE PRESSURE WOULD COME FROM THE GOVERNMENTS OF CERTAIN COUNTRIES IN WHICH THE FIVE OIL COMPANIES HAVE EXTENSIVE INVESTMENTS. LET US, BY WAY OF ILLUSTRATION, TAKE THE CASE OF MOBIL IN SOME THIRD WORLD COUNTRY. THE GOVERNMENT OF THAT COUNTRY COULD INFORM THE LOCAL LIMITED OFFICIAL USE

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MOBIL SUBSIDIARY THAT IF BY A CERTAIN DATE THERE IS NO EVIDENCE THAT OIL HAS STOPPED REACHING RHODESIA FROM SOUTH AFRICA, THE LOCAL SUBSIDIARY OF MOBIL WILL BE SUBJECT TO AN EXTRA TAX ON PROFITS UNTIL THE SITUATION CHANGES. THIS WOULD BE A MORE SUBTLE FORM OF ACTION THAN NATIONALISATION. THE LOCAL SUBSIDIARY OF MOBIL COULD CONTINUE OPERATING UNDER ITS OWN MANAGEMENT, BUT THERE WOULD BE A REDUCTION IN THE PROPORTION OF ITS PROFITS WHICH IT COULD RETAIN OR TRANSMIT TO ITS PARENT COMPANY, UNTIL THAT PARENT AND THE OTHER OIL COMPANIES FOUND EFFECTIVE WAYS OF STOPPING OIL SOLD BY THEIR SOUTH AFRICAN SUBSIDIARIES FROM REACHING RHODESIA.

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CAPETOWN FOR EMBASSY

"FINALLY, IF IT IS NOT FOUND POSSIBLE QUICKLY TO  
DEVISE MEANS OF STOPPING OIL PRODUCTS GETTING FROM  
SOUTH AFRICA TO RHODESIA, THE FIRMER ACTION WILL BE  
REQUIRED. THIS WOULD ESSENTIALLY CONSIST OF REDUCING  
OR HALTING THE SUPPLY OF OIL AND OIL PRODUCTS TO SOUTH  
AFRICA UNLESS MEANINGFUL GUARANTEES CAN BE OBTAINED FROM  
THE OIL COMPANIES OR FROM THE SOUTH AFRICAN GOVERNMENT  
THAT OIL WILL NOT SUBSEQUENTLY REACH RHODESIA IN ANY FORM.  
"MOVES COULD BE MADE THROUND THE UNITED NATIONS FOR  
THE NATIONAL LEGISLATION OF MEMBER STATES TO BE MODIFIED  
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SO AS TO MAKE IT ILLEGAL TO SUPPLY OR TRANSPORT CRUDE OR  
REFINED OIL TO SOUTH AFRICA. IT SHOULD BE MENTIONED IN  
THIS CONTEXT THAT ALTHOUGH IRAN PROVIDES THE GREAT MAJORITY  
OF THE OIL SUPPLIED TO SOUTH AFRICA (AND THUS TO  
RHODESIA), THE OIL IS TRANSPORTED TO SOUTH AFRICA IN  
SHIPS REGISTERED IN A NUMBER OF DIFFERENT COUNTRIES.  
"IN THE LIMIT, OF COURSE, THE SECURITY COUNCIL COULD  
ALSO RESOLVE TO HAVE A NAVAL BLOCKADE IMPOSED ON SOUTH  
AFRICAN PORTS, AS WAS DONE EARLIER FOR BEIRA. SUCH A MOVE  
MIGHT WELL LEAD TO SOME SORT OF CONFRONTATION WITH SOUTH  
AFRICA. BUT IF THE MEMBERS OF THE SECURITY COUNCIL  
ARE RESOLUTE IN THEIR DESIRE TO BRING ABOUT A PEACEFUL  
SOLUTION TO THE RHODESIAN PROBLEM, THE SO LONG AS THE  
SOUTH AFRICAN GOVERNMENT REFUSE TO ACCEPT THE DECISIONS OF THE  
SECURITY COUNCIL REGARDING RHODESIA, A  
CONFRONTATION OF SOME KIND WOULD APPEAR TO BE INEVITABLE.  
"MR CHAIRMAN, THERE IS NO SIMPLE STEP THAT COULD BE GUARANT-  
EED TO MAKE UN OIL SANCTIONS AGAINST RHODESIA. TOTALLY  
EFFECTIVE. I HAVE OUTLINED A NUMBER OF POSSIBLE  
MOVES. MEMBER STATES MIGHT WISH TO CONSIDER IMPLEMENTING  
SEVERAL OF THEM SIMULTANEOUSLY, IN ORDER TO GIVE REAL FORCE

TO SANCTIONS. CERTAINLY THE ONE THING WE CANNOT DO IS SIT BACK AND MEEKLY ACCEPT THE ARGUMENTS PUT FORWARD BY THE OIL COMPANIES. FOR BY THESE ARGUMENTS THE COMPANIES ARE IN EFFECT CLAIMING THAT THEY HAVE LOST CONTROL OF THEIR MULTI-MILLION DOLLAR SUBSIDIARIES IN SOUTH AFRICA, EVEN THOUGH THEY CONTINUE TO RECEIVE THE PROFITS FROM THEIR OPERATIONS. IF THAT ARGUMENT IS VALID, THEN THE COMPANIES SHOULD WITHDRAW FROM SOUTH AFRICA. IF IT IS NOT VALID, THEN PRESSURE OF ALL FORMS COULD BE EXERTED ON THEM, AND ON THE SOUTH AFRICAN GOVERNMENT, UNTIL OIL CEASES TO REACH THE ILLEGAL REGIME IN RHODESIA. AS PRESIDENT KUANDA HAS SAID: "THERE COULD BE NO GREATER CONTRIBUTION TO THE LIMITED OFFICIAL USE

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LIBERATION STRUGGLE TODAY IN SOUTHERN AFRICA THAN TO END THE SALE OF OIL TO REBEL RHODESIA."

2. THE FULL TEXT OF THE TESTIMONY POUCHED TO IO/UNP, ESCUDERO. ALSO POUCHED IS A COPY OF THE HASLEMERE REPORT "THE OIL CONSPIRACY", DATED JUNE 21, 1976.

3. UNDER "OTHER BUSINESS", THE BENIN REPRESENTATIVE ASKED WHAT PROGRESS HAD BEEN MADE IN CLOSING THE RHODESIAN INFORMATION OFFICE IN WASHINGTON. THE US REPRESENTATIVE REPLIED AD INTERIM THAT THE MATTER WAS BEING GIVEN CAREFUL ATTENTION AND PROMISED TO PROVIDE ADDITIONAL INFORMATION AT THE NEXT MEETING OF THE COMMITTEE.

4. AS NO ONE IN COMMITTEE OFFERED ANY COMMENT ON THE RIVERS TESTIMONY OF ON AGENDA ITEM 3 ("IMPLEMENTATION OF PARAGRAPHS 3 AND 12 OF SECURITY COUNCIL RESOLUTIONS 409 (1977) AND 411 (1977) RESPECTIVELY), THE CHAIRMAN SUGGESTED THAT THE RIVERS TESTIMONY PROVIDED THE COUNCIL WITH AN OPPORTUNITY AT ITS NEXT MEETING TO BEGIN DISCUSSION ON ADDITIONAL PRACTICAL AND EFFECTIVE MEASURES ON THE RHODESIAN SANCTIONS AND ASKED MEMBERS OF THE COMMITTEE TO BE PREPARED TO COMMENT.

5. NEXT MEETING OF THE COMMITTEE WILL BE MORNING JULY 28, WHICH MAY BE THE LAST MEETING OF THE SANCTIONS COMMITTEE UNTIL AFTER LABOR DAY. THE COMMITTEE HAS MAINTAINED THE PRACTICE OF NOT MEETING IN AUGUST IN ORDER TO PERMIT MEMBERS OF THE SECRETARIAT TO TAKE THEIR ANNUAL LEAVE. WE CANNOT BE ASSURED THAT SOME MEMBERS OF THE COMMITTEE MAY NOT TRY AND HAVE ADDITIONAL MEETINGS DURING AUGUST.

LEONARD

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## Message Attributes

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**To:** STATE  
**Type:** TE  
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